

Message Text

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ACTION EB-04

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C O N F I D E N T I A L ROME 6720

LIMDIS GREENBACK

PASS TREASURY AND FRB

E.O. 11652: GDS

TAGS: EFIN, IT

SUBJECT: RESIGNATION OF BANK OF ITALY GOVERNOR CARLI

A OIL-47807

B ROME 5976

1. FOLLOWING IS EMBASSY COMMENT ON REF A. IN VIEW OF
NUMEROUS PAST RUMORS OF CARLI RESIGNATION, IT IS
DIFFICULT TO KNOW HOW MUCH IMPORTANCE TO ATTACH TO
LATEST REPORT OF HIS RESIGNATION. AS MENTIONED IN
REF B, IT IS POSSIBLE TO BELIEVE THAT, AFTER FOURTEEN
YEARS OF CARRYING MAJOR RESPONSIBILITY FOR ITALIAN
ECONOMIC POLICY THROUGH SEVERAL CRISES, CARLI IS NOW
READY TO UNLOAD THIS BURDEN, PARTICULARLY WHEN SIZE
OF CURRENT FINANCIAL PROBLEM IS LARGER THAN FACED
PREVIOUSLY AND WAY OUT OF PRESENT DIFFICULTIES IS BY
NO MEANS APPARENT. IF CARLI HAS, IN FACT, DECIDED
TO LEAVE BANK, ANNUAL MEETING OF BANK OF MAY 31 WOULD
BE LOGICAL TIME FOR HIM TO DO SO SINCE HE COULD EMBODY
HIS VALEDICTORY ADDRESS IN THE TRADITIONAL "FINAL
CONSIDERATIONS" SPEECH.

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2. ALTHOUGH WE DO NOT DISCOUNT CARLI'S INTEREST IN PROTECTING HIS INTERNATIONAL PRESTIGE, WE DO NOT SEE ANY OBVIOUS OPENING IN INTERNATIONAL FINANCIAL INSTITUTIONS TO WHICH CARLI MIGHT PRESENTLY ASPIRE, GIVEN RECENT NOMINATIONS OF HEADS OF IMF AND BIS, FOR EXAMPLE.

3. GIVEN LIKELY IMPACT OF A CARLI RESIGNATION ON FOREIGN EXCHANGE MARKET AND ON DOMESTIC AND FOREIGN CONFIDENCE IN ITALIAN ECONOMIC MANAGEMENT, GOI WILL SURELY WISH TO BE ABLE TO PRESENT SUCCESSOR IMMEDIATELY AND MUST CHOOSE SOMEONE WITH SUFFICIENT PRESTIGE AT HOME AND ABROAD TO ALLAY FEARS THAT ITALIAN ECONOMY IS COMPLETELY OUT OF CONTROL. WHILE ADMIRING EXPERIENCE AND TALENTS OF VICE DIRECTOR GENERAL RINALDO OSSOLA, WE WOULD BE SURPRISED IF HE WERE NAMED TO SUCCEED CARLI. FIRST, HE HAS SPECIALIZED TOO MUCH IN INTERNATIONAL FIELD. SECOND, HE IS PROBABLY NOT SUFFICIENTLY STRONG-WILLED AND THICK-SKINNED TO WITHSTAND THE PRESSURES WHICH SURROUND GOVERNORSHIP. OTHER ALTERNATIVE MENTIONED IN REF A MAY REFER TO GAETANO STAMMATI, PRESIDENT OF BANCA COMMERCIALE IN MILAN (ITALY'S SECOND-LARGEST COMMERCIAL BANK), WHO FORMERLY SERVED AS DIRECTOR GENERAL OF THE TREASURY UNDER COLOMBO.

4. OTHER NAMES WHICH HAVE BEEN MENTIONED IN PRESS REPORTS IN RECENT PAST INCLUDE BOI DIRECTOR GENERAL PAOLO BAFFI, WHO IS AN EXPERIENCED AND RESPECTED BANKER BUT NOT A VERY POLITICAL FIGURE, AND PROF. FERDINANDO VENTRIGLIA, MANAGING DIRECTOR AND VICE PRESIDENT OF BANCO DI ROME, WHO HAS BEEN A CLOSE ADVISER OF TREASURY MINISTER COLOMBO. VOLPE

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